

GENERAL TERMS AND CONDITIONS

28. NOMINATIONS

28.1 Nominations

- (a) Buyer shall notify or cause Seller to be notified of Buyer's receipt and delivery requirements under all firm and interruptible storage and transportation rate schedules in advance of such requirements. All times in this Section 28 are Central Clock Time (pursuant to NAESB WGQ Standard No. 0.3.17). Seller, in its sole judgment, may waive any nomination and ranking deadlines, on a non-discriminatory basis, if Seller determines that operating conditions permit. At a receipt or delivery point, the lesser of rule (pursuant to NAESB WGQ Standard No. 1.3.22) applies when confirming. With respect to Buyer's desired levels of service under firm and interruptible transportation rate schedules, a nomination made through electronic data interchange shall include all mandatory Commission-approved data elements; for a nomination made through 1Line Buyer shall furnish Seller the following Commission-approved data elements:
 - (i) Buyer's Contract and ID;
 - (ii) the desired receipt and delivery points, the corresponding daily quantities, and the schedule ranks;
 - (iii) the upstream contract and party who will deliver gas to Buyer, if applicable;
 - (iv) the downstream contract and party who will receive gas from Buyer, if applicable;
 - (v) the begin and end dates upon which such deliveries are desired, provided the nomination begin and end dates are within the term of Buyer's contract;
 - (vi) the route, if applicable, when the receipt or delivery point is in Zone 6; and
 - (vii) transaction type.
 - (viii) All nominations should be considered original nominations and should be replaced to be changed. An original nomination shall apply to each cycle within the gas day unless the nomination is revised. In that event, the revised nomination shall apply to subsequent cycles within the gas day. Intraday nominations can be used to request increases or decreases in total flow, changes to receipt points, or changes to delivery points of scheduled gas. When a nomination for a date range is received, each day within that range is considered an original nomination. When a subsequent nomination is received for one or more days within that range, the previous nomination is superseded by the subsequent nomination only to the extent of the days specified. The

days of the previous nomination outside the range of the subsequent nomination are unaffected. Nominations submitted during the Timely, Evening, ID1, ID2, and ID3 Cycles have a prospective effect only; nominations submitted during the Post Cycle and adjustments to prior gas days pursuant to Section 39 have a retroactive effect.

All nominations for storage or transportation service must be made electronically through 1Line or by electronic data interchange. However, in the event Seller experiences a failure of electronic communication equipment, internet, or third party service provider, or other similar emergency event which constitutes an event of force majeure pursuant to Section 11.1 of the General Terms and Conditions, such that Seller's communication capability is not available, Seller shall (i) for missed nomination cycles within the Gas Day, use Buyer's last confirmed nomination(s) at the time of the event, or (ii) when no confirmed quantities for the Gas Day exist, use Buyer's last nomination(s) accepted by Seller for the missed nomination cycle(s).

In the event Buyer experiences a failure of electronic communication equipment, internet, or third party service provider, or other similar emergency event which constitutes an event of force majeure pursuant to Section 11.1 of the General Terms and Conditions, Seller shall handle requests from Buyer for emergency treatment, including written nominations, on a not unduly discriminatory basis.

- (b) Buyer's nomination and schedule ranks, to be deemed timely, must conform to the following timeline (the Timely Nomination timeline shall be on the day prior to gas flow):
 - 1:00 p.m. Electronic nomination leaves control of the Buyer for nominations submitted by either 1Line or electronic data interchange;
 - 1:15 p.m. Receipt of nomination by Seller through electronic data interchange, including from Title Transfer Tracking Service Providers (TTTSPs);
 - 1:30 p.m. Quick response by Seller regarding validity of data elements of nominations received through electronic data interchange;
 - 4:30 p.m. Receipt of completed confirmations by Seller from upstream and downstream connected operating entities;
 - 5:00 p.m. Scheduled quantities made available by Seller for receipt by Shipper and point operator.
- (c) Buyer's nomination and schedule ranks for intraday cycles will conform to the following timelines. For purposes of this section, "provide" shall mean, for transmittals pursuant to standards 1.4.x, receipt at the designated site, and for purposes of other forms of transmittal, it shall mean send or post.
 - (i) Seller will accept nominations and schedule ranks for a Gas Day which are received after the Timely Nomination and ranking deadlines identified in Section 28.1(b) until 6:00 p.m. the day before gas flows (Evening Nomination). Evening Nomination Cycle:

- 6:00 p.m. Electronic nomination leaves control of the Buyer for nominations submitted by either 1Line or electronic data interchange;
- 6:15 p.m. Receipt of nomination by Seller through electronic data interchange, including from TTTSPs;
- 6:30 p.m. Quick response by Seller regarding validity of data elements of nominations received through electronic data interchange;
- 8:30 p.m. Receipt of completed confirmations by Seller from upstream and downstream connected operating entities;
- 9:00 p.m. Seller to provide scheduled quantities to affected Buyers and point operators, and provide scheduled quantities to bumped parties (notice to bumped parties).

Scheduled quantities resulting from Evening Nominations shall be effective at the start of the next Gas Day.

- (ii) Seller will accept nominations and schedule ranks for a gas day which are received after the nomination and ranking deadlines identified in Sections 28.1(b) and 28.1(c)(i) until 10:00 a.m. of the affected Gas Day (Intraday 1 Nomination (ID1)).

ID1 Cycle:

- 10:00 a.m. Electronic nomination leaves control of the Buyer for nominations submitted by either 1Line or electronic data interchange;
- 10:15 a.m. Receipt of nomination by Seller through electronic data interchange, including from TTTSPs;
- 10:30 a.m. Quick response by Seller regarding validity of data elements of nominations received through electronic data interchange;
- 12:30 p.m. Receipt of completed confirmations by Seller from upstream and downstream connected operating entities;
- 1:00 p.m. Seller to provide scheduled quantities to affected Shippers and point operators, and provide scheduled quantities to bumped parties (notice to bumped parties).

Scheduled quantities resulting from ID1 shall be effective at 2:00 p.m. on the current Gas Day.

- (iii) Seller will accept nominations and schedule ranks for a gas day which are received after the nomination and ranking deadlines identified in Sections 28.1(b), 28.1(c)(i), and 28.1(c)(ii) until 2:30 p.m. of the affected Gas Day (Intraday 2 Nomination (ID2)).

ID2 Cycle:

- 2:30 p.m. Electronic nomination leaves control of the Buyer for nominations submitted by either 1Line or electronic data interchange;

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Transcontinental Gas Pipe Line Company, LLC
FERC Gas Tariff
Fifth Revised Volume No. 1

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- 2:45 p.m. Receipt of nomination by Seller through electronic data interchange, including from TTTSPs;
- 3:00 p.m. Quick response by Seller regarding validity of data elements of nominations received through electronic data interchange;
- 5:00 p.m. Receipt of completed confirmations by Seller from upstream connected operating entities;
- 5:30 p.m. Seller to provide scheduled quantities to affected Shippers and point operators, and provide scheduled quantities to bumped parties (notice to bumped parties).

Scheduled quantities resulting from ID2 shall be effective at 6:00 p.m. on the current Gas Day.

- (iv) Seller will accept nominations and schedule ranks for a Gas Day which are received after nomination and ranking deadlines identified in Sections 28.1(b), 28.1(c)(i), 28.1(c)(ii), and 28.1(c)(iii) until 7:00 p.m. of the affected Gas Day (Intraday 3 Nomination (ID3)).

ID3 Cycle:

- 7:00 p.m. Electronic nomination leaves control of the Buyer for nominations submitted by either 1Line or electronic data interchange, including from TTTSPs;
- 7:15 p.m. Receipt of nomination by Seller through electronic data interchange, including from TTTSPs;
- 7:30 p.m. Quick response by Seller regarding validity of data elements of nominations received through electronic data interchange;
- 9:30 p.m. Receipt of completed confirmations by Seller from upstream and downstream connected operating entities;
- 10:00 p.m. Seller to provide scheduled quantities to affected Shippers and point operators.

Scheduled quantities resulting from ID3 shall be effective at 10:00 p.m. on the current Gas Day. Bumping is not allowed during the ID3 cycle.

- (d) Seller will accept nominations and scheduled ranks for a Gas Day which are received after the nomination and ranking deadlines identified in Section 28.1(c)(iv) until 10:00 a.m. the day following the gas flow (Post Cycle) provided that:
 - (i) confirmation of the receipt and delivery quantities is received by Seller from the affected point operators no later than 10:30 a.m. the day following the gas flow;
 - (ii) it is operationally feasible to accommodate the requested nomination; and
 - (iii) it is consistent with the tariff limitations applicable to such gas day.

Seller will provide scheduled quantities to affected Buyers and point operators by 11:30 a.m. the day following the gas flow. Scheduled quantities resulting from the Post Cycle are not subject to elapsed-prorated-scheduled quantities and bumping is not allowed.

- (e) Elapsed-prorated-scheduled quantity means that portion of the scheduled quantity that would have theoretically flowed up to the effective time of the Intraday Nomination being confirmed, based upon a cumulative uniform hourly quantity for each nomination period affected. Elapsed-pro rata-scheduled quantity will apply to all nomination decreases submitted in the ID1, ID2, and ID3 cycles.
- (f) Seller will publish all bumping notices on 1Line as expeditiously as possible.
- (g) For services that provide for intraday nominations and scheduling, there is no limitation as to the number of intraday nominations (line items as per NAESB WGQ Standard No. 1.2.1) which a service requester may submit at any one standard nomination cycle or in total across all standard nomination cycles.

28.2 Nominations of Pooling Points

The following requirements shall apply for nominations relating to service under Rate Schedule POOLING:

- (a) A Buyer may only submit an aggregation nomination under its firm or interruptible transportation agreement(s) for pooling under that same Buyer's applicable pooling service agreement; and
- (b) Gas may be transported from wellhead and interconnect points to either interruptible or firm pooling agreements on either firm or interruptible transportation agreements; and
- (c) Gas may be transferred from a Buyer's firm pooling agreement to another Buyer's firm pooling agreement at the same pooling point (pool to pool transfer) on either a firm or an interruptible transportation agreement; and
- (d) Gas may be transferred from a Buyer's interruptible pooling agreement to another Buyer's interruptible pooling agreement (pool to pool transfer) only on an interruptible transportation agreement; and
- (e) Gas may be transferred from an interruptible pooling agreement to a firm pooling agreement; provided, however, gas may not be transferred from a firm pooling agreement to an interruptible pooling agreement; and
- (f) Transportation transactions receiving gas from a firm pooling agreement must be transported on a firm transportation agreement except as otherwise identified above; and

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- (g) Transportation transactions receiving gas from an interruptible pooling agreement may be transported on either a firm or an interruptible transportation agreement except as otherwise identified above.
- (h) Transfers between pooling agreements that occur at the same pooling point and/or direct transportation transactions between two different pooling points located in Zone 4 shall not be charged a transportation rate nor shall the quantity transferred be reduced for fuel retention.

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42. CAPACITY RELEASE

42.1 Purpose

This section sets forth the provisions under which a shipper ("Releasing Shipper") which has a currently effective service agreement with Seller for firm transportation service or firm storage service, or both, rendered under Seller's blanket certificate or Part 284 of the Commission's regulations (excluding Rate Schedule FT-G) may release its firm capacity entitlements as described in Sections 42.2 and 42.3 to a third party ("Replacement Shipper").

This section also sets forth the provisions under which a potential Replacement Shipper may communicate to a potential Releasing Shipper an offer to purchase capacity as described in Section 42.16.

42.2 Definitions

The definitions of terms applicable to this section are as follows:

- (a) **Releasable Firm Capacity Entitlements** - Firm capacity entitlements as described in a Releasing Shipper's service agreement.
- (b) **Releasable Secondary Capacity Rights** – Secondary capacity rights associated with Releasable Firm Capacity Entitlements.
- (c) **Prearranged Release** - Arrangement by a Releasing Shipper for a specific Replacement Shipper to obtain the Releasing Shipper's released capacity. Replacement Shipper initiates confirmations of prearranged deals electronically. If capacity is awarded to a prearranged bid, execution of service agreement as described in Section 42.8 shall constitute such confirmation.
- (d) **Recall Rights** - Conditions under which the right to the released capacity reverts from the last Replacement Shipper to a Releasing Shipper who specified such conditions. Such conditions must be objectively stated, non-discriminatory and applicable to all potential Replacement Shippers.
- (e) **Reput Rights** - An indication, specified at the time of the deal, whether Releasing Shipper may reput capacity to the Replacement Shipper after a recall.
- (f) **Best Bid** - Potential Replacement Shippers who qualify for bidding pursuant to Section 42.7(b) hereunder ("bidders") shall be allowed to submit bids for capacity. Within 1 hour after the close of the bidding period, Seller shall determine the Best Bid based on the Releasing Shipper's objective criteria and shall confirm same with the Releasing Shipper. If the Releasing Shipper does not provide the objective criteria to be used for

selecting the Best Bid, then Seller's objective criteria for Best Bid shall be used as set forth in Section 42.11(a). If the Releasing Shipper does not provide a tie-breaking methodology, then Seller's tie-breaking methodology shall be used as set forth in Section 42.11(c). If capacity remains after award of the Best Bid, Seller shall award remaining capacity according to the criteria in Section 42.11(b). The terms of the winning bid shall be posted by Seller on 1Line and such posting shall include the following information:

- (i) The identity of the Releasing Shipper.
 - (ii) The identity of the Replacement Shipper.
 - (iii) The term of the release.
 - (iv) The reservation or volumetric rate charged for the capacity.
 - (v) All conditions of release objectively stated including, but not limited to, any recall conditions.
 - (vi) The applicable rate schedule and specific quantity of capacity released and, if firm transportation capacity, the associated points between which capacity has been released.
 - (vii) Whether the release is to an asset manager as defined in Section 284.8(h)(3) of the Commission's regulations and, if so, the asset manager's obligation to deliver gas to, or purchase gas from, the releasing shipper including the volumetric level of the obligation and the time periods the obligation is in effect.
 - (viii) Whether the release is to a marketer participating in a state-regulated retail access program as defined in Section 284.8(h)(4) of the Commission's regulations.
- (g) Contingent Bids - If permitted by a Releasing Shipper, bidders may qualify their acceptance of awarded capacity contingent upon such bidder obtaining other released capacity, whether on Seller's system or a third-party pipeline. If a contingent bidder declines awarded capacity, the next Best Bid shall be selected, and so on, until all Contingent Bids related to such capacity have been exhausted.
- (h) Rate Floor – For index-based capacity release transactions, Rate Floor is the term used to describe the lowest rate specified in the capacity release Offer in dollars and cents that is acceptable to the Releasing Shipper. The Rate Floor may not be less than Seller's minimum reservation rate or zero cents when there is no stated minimum reservation rate.
- (i) Rate Default – For index-based capacity release transactions, Rate Default is the term used to describe the non-biddable rate specified in the capacity release Offer to be used for invoicing purposes when the result of the index-based formula is unavailable or cannot be computed. If a Rate Default is not otherwise specified, the Rate Floor should service as the Rate Default.

42.3 Release Rights

A Releasing Shipper may release its Releasable Firm Capacity Entitlements and/or Releasable Secondary Capacity Rights in whole or in part, in segments, on a full or partial term basis, with or without Recall Rights or any combination thereof. If a Releasing Shipper elects to release all or a portion of its Releasable Firm Capacity Entitlement and/or Releasable Secondary Capacity Rights in a segment of one of Seller's rate zones and to retain a portion of its Releasable Firm Capacity Entitlement and/or Releasable Secondary Capacity Rights in another segment of that rate zone, then the Releasing Shipper's firm capacity entitlement and/or Releasable Secondary Capacity Rights in the released segment shall be reduced by an amount equal to the amount of its Releasable Firm Capacity Entitlement and/or Releasable Secondary Capacity Rights so released. In addition, nominations in any segment in the applicable zone for receipt and delivery on a secondary basis by the Releasing Shipper and any Replacement Shippers that derive a firm capacity entitlement in that zone from the Releasing Shipper shall be permitted, provided that the sum of the nominations in any segment on Seller's system shall not exceed the original firm capacity entitlement in that segment of the Rate Schedule FT, Rate Schedule FTP, Rate Schedule FDLS or Rate Schedule FTN Buyer from whom the Releasing Shipper's and any Replacement Shippers' firm capacity entitlement was derived. If the sum of all such nominated quantities exceeds the original firm capacity entitlement under Rate Schedule FT, Rate Schedule FTP, Rate Schedule FDLS or Rate Schedule FTN in that segment of the zone, the nominations using capacity on a secondary basis in any segment covered by the nomination shall be reduced in accordance with Section 58 of the General Terms and Conditions. Further, such nominations shall have the priority set forth in Section 57 of the General Terms and Conditions and shall be subject to reduction or interruption as specified in Sections 11, 59, and 60 of the General Terms and Conditions.

42.4 Prearranged Releases Not Subject to Prior Notice

- (a) A Releasing Shipper may release capacity to a qualified Replacement Shipper by notifying Seller via 1Line provided the capacity release
 - (i) is for any period of 31 days or less, or
 - (ii) is for any period greater than one year at maximum tariff rates, or
 - (iii) is to an asset manager as defined in Section 284.8(h)(3) of the Commission's regulations, or
 - (iv) is to a marketer participating in a state-regulated retail access program as defined in Section 284.8(h)(4) of the Commission's regulations.

Provided, however, any capacity release with a term greater than 31 days and less than or equal to one year must be posted for bidding pursuant to the requirements of Section 42.5 unless such release is to an asset manager or to a marketer participating in a state-regulated retail access program pursuant to Section 42.4(a)(iii) or Section 42.4(a)(iv). The Releasing Shipper's notification to Seller shall include the information set forth in Section 42.2(e). At the request of the Releasing Shipper, releases pursuant

to Section 42.4(a)(i), (iii) or (iv) may be posted for bidding and, if so posted, are subject to the requirements of Section 42.5.

- (b) Seller shall post notice of the transaction via 1Line or electronic data interchange in accordance with the provisions of Section 42.9. The notification shall include the information set forth in Section 42.2(f).
- (c) Any release pursuant to Section 42.4(a)(i) may not be rolled over, extended or in any way continued to the same Replacement Shipper unless a period of at least twenty-eight (28) days has elapsed since the end of the initial release. The 28-day hiatus does not apply to any re-release to the same replacement shipper that is posted for bidding or to capacity released under Section 42.4(a)(ii), (iii) or (iv).

42.5 Prearranged Releases Subject to Prior Notice

Prearranged Releases with a term greater than one year at rates lower than maximum tariff rates, or with a term greater than 31 days and less than or equal to one year, are subject to competitive bidding and must be posted for bidding pursuant to the requirements of this Section 42.5, unless such release is to an asset manager or to a marketer participating in a state-regulated retail access program pursuant to Section 284.8(h)(3) or Section 284.8(h)(4) of the Commission's regulations. For each release that is subject to competitive bidding, the Releasing Shipper shall notify Seller via 1Line of such release. Seller shall post the notice of a prearranged offer for release on 1Line or through electronic data interchange. The notification shall include the following information:

- (a) The identity of the Releasing Shipper unless Releasing Shipper elects otherwise.
- (b) The term of the release.
- (c) All conditions of release objectively stated, including but not limited to any recall conditions.
- (d) The rate schedule and specific quantity of capacity to be released and, if firm transportation capacity, the associated points between which the capacity will be released.
- (e) The prearranged and maximum reservation rates applicable to the capacity to be released. For releases that become effective on or after July 30, 2008, the maximum rate ceiling does not apply to such releases provided the release is for a term of one year or less and the release is to take effect on or before one year from the date on which the pipeline is notified of the release.
- (f) The start and end dates for the posting period for competitive bids.
- (g) The criteria for selecting the Best Bid.
- (h) The date and time of the offer posting.

- (i) Length of time for a prearranged Shipper to match the terms and conditions of the Best Bid.
- (j) Whether Contingent Bids are permitted and, if so, the length of time during which the contingent bidder(s) will be allowed to accept or decline the capacity without condition.
- (k) Any tie-breaking methodologies.

If the Best Bid is superior to the initial prearranged agreement, then Seller shall contact the prearranged Replacement Shipper and the prearranged Replacement Shipper shall have the option to match the terms and conditions of the Best Bid in accordance with Section 42.5(i) and thereby be awarded such capacity. The minimum length of time within which a prearranged Shipper may match the Best Bid is one-half hour after the evaluation period ends in accordance with Section 42.9. The terms of the winning bid shall be posted by Seller in accordance with Section 42.2(f).

42.6 Releases that are Not Prearranged

Releases that are not prearranged are subject to prior notice and competitive bidding. Seller shall post the notice of release on 1Line or through electronic data interchange. The notification shall include the following information:

- (a) The identity of the Releasing Shipper unless Releasing Shipper elects otherwise.
- (b) The term of the release.
- (c) The existence of any conditions of release, objectively stated, including, but not limited to, any recall and whether minimum term, rate, or volume conditions apply. Any minimum term, rate, or volume conditions will be posted at the option of the Releasing Shipper.
- (d) The rate schedule and specific quantity of capacity to be released and, if firm transportation capacity, the associated points between which the capacity will be released.
- (e) The maximum reservation rates applicable to the capacity to be released. For releases that become effective on or after July 30, 2008, the maximum rate ceiling does not apply to such releases provided the release is for a term of one year or less and the release is to take effect on or before one year from the date on which the pipeline is notified of the release.
- (f) The start and end dates for the bidding period.
- (g) The objective criteria for selecting the Best Bid.

- (h) The date and time of the offer posting.
- (i) Whether Contingent Bids are permitted and, if so, the length of time during which the contingent bidder(s) will be allowed to accept or decline the capacity without condition.
- (j) Any tie-breaking methodologies.

The terms of the winning bid shall be posted by Seller in accordance with Section 42.2(f).

42.7 Submission of Offers and Bids

- (a) Offers for capacity to be released and bids for released capacity shall be submitted to Seller via 1Line. Offers are binding until electronic notice of withdrawal is received by Seller. For each business day, all objectively stated and nondiscriminatory approved offers for release capacity received by Seller from Releasing Shippers will be made available on 1Line or through electronic data interchange in accordance with Section 42.9. Where unanticipated circumstances justify, such offers may be withdrawn unless a minimum bid has been submitted for such capacity.
- (b) All potential Replacement Shippers must have satisfied Seller's requirements for credit worthiness pursuant to Section 32 of the General Terms and Conditions prior to submitting a bid for firm capacity posted by a Releasing Shipper. If a party does not qualify as a qualified Replacement Shipper pursuant to this section, the party cannot bid on a Releasing Shipper's offer.
- (c) Submission of a bid for capacity release shall be binding, provided however, a potential Replacement Shipper may withdraw a bid until the close of the posting period for competitive bids. If a potential Replacement Shipper submits a new bid for released capacity, the existing bid for the same capacity must first be withdrawn, and any new bid for that released capacity must be at an equal or higher value than the previous bid. Bids submitted by a Replacement Shipper are binding until withdrawn.
- (d) The Releasing Shipper should specify which one of the following methods is acceptable for bidding on a given capacity release Offer:
 - Non-index-based release – dollars and cents,
 - Non-index-based release – percentage of maximum rate, or
 - Index-based formula as detailed in the capacity release offer.

The Bids for the given capacity release Offer should adhere to the method specified by the Releasing Shipper

- (e) For index-based capacity release transactions, the releasing shipper should specify which one of the following methods is acceptable for bidding on a given index-based capacity release Offer:

- a percentage of the formula,
- a dollars and cents differential from the formula,
- a dollars and cents differential from the Rate Floor, or
- an approved methodology in Seller's tariff, if any.

When bidding is based upon a dollars and cents differential from the Rate Floor, the invoiced rate for the award should be calculated as the greater of (i) the result of the formula or (ii) the Rate Floor plus the high bid's differential, both not to exceed the Seller's maximum reservation rate, if applicable.

The releasing shipper may specify another method in the special terms and conditions, but the capacity release Offer may not be processed within the capacity release timeline pursuant to Section 42.9(a), (b) or (c).

- (f) Only bids for reservation charges will be allowed, stated either as: (1) a rate per dt of TCQ (for transportation reservation rate releases), (2) a rate per dt of Storage Demand, a rate per dt of Storage Capacity and, if applicable, a rate per dt of Storage Injection Quantity (for storage reservation rate releases), (3) a rate per dt delivered (for transportation volumetric releases), or (4) a rate per dt of withdrawal quantities, a rate per dt of storage balance and, if applicable, a rate per dt of injection quantities (for storage volumetric releases). The maximum rate applicable to capacity release transactions shall be Seller's maximum reservation rates, maximum storage rates (storage demand, capacity and if applicable, injection demand), maximum rate per dt delivered (for transportation volumetric releases) or maximum rate per dt withdrawn, stored and if applicable, injected (for storage volumetric releases) as set forth under the applicable rate schedules. Such maximum rate shall be inclusive of any applicable demand surcharges. For releases that become effective on or after July 30, 2008, the maximum rate ceiling does not apply to such releases provided the release is for a term of one year or less and the release is to take effect on or before one year from the date on which the pipeline is notified of the release. The rate paid in any capacity release transaction not subject to the maximum rate ceiling will not be subject to refund.
- (g) Releasing and Replacement Shippers shall hold Seller harmless with regard to any claim which may be raised by any party regarding the selection of a Best Bid, except to the extent that such party successfully establishes that Seller has incorrectly selected the Best Bid as the result of the negligent action or willful misconduct of Seller.
- (h) Potential shippers bidding for capacity shall have access to other potential shippers' bids, excluding bidder's identity, during the bidding process.
- (i) Capacity offered for release by a Releasing Shipper shall be posted as a Primary Path release. Potential Replacement Shippers shall bid for such capacity based on the posted Primary Path.
- (j) Releasing shipper may not extend the bid period or the pre-arranged deal match period, without posting a new release.

- (k) For prearranged capacity releases, the Releasing Shipper must submit both the offer and the bid. Replacement Shipper must confirm the prearranged capacity release by accepting the prearranged bid prior to Seller awarding such released capacity.
- (l) The term of the release shall be for a fixed period and shall not continue beyond such term.

42.8 Capacity Release Agreements

Once released capacity has been awarded, the terms of the award, which shall be based on the Releasing Shipper's offer to release the capacity and the Replacement Shipper's bid for the capacity, and the provisions of Seller's applicable Form of Service Agreement shall together establish and constitute the contractual relationship between Seller and Replacement Shipper governing the released capacity, with the terms of the award supplying the necessary information to complete the applicable Form of Service Agreement. In that regard, Replacement Shipper specifically agrees to follow Seller's nomination and ranking deadlines, in accordance with Section 28.1 of the General Terms and Conditions. Such contracting process shall be accomplished through 1Line.

42.9 Posting Periods

The capacity release timeline applies to all parties involved in the capacity release process provided that: 1) all information provided by the parties to the transaction is valid and the acquiring shipper has been determined to be credit worthy before the capacity release bid is tendered, 2) for index-based capacity release transactions, the Releasing Shipper has provided Seller with sufficient instructions to evaluate the corresponding bid(s) according to the timeline, 3) there are no special terms or conditions of the release, and 4) for purposes of determining the Best Bid, the methodology specified by the Releasing Shipper is either highest rate, net revenue, or present value. For index-based capacity release transactions, the Releasing Shipper should provide the necessary information and instructions to support the chosen methodology. Other choices of bid methodology (including other Releasing Shipper defined evaluation methodologies) can be provided; however, Seller may complete the capacity release process on a different timeline should the Releasing Shipper select another method of evaluation. Further, Seller may complete the capacity release process on a different timeline if the Offer includes unfamiliar or unclear terms and conditions (e.g. designation of an index not supported by Seller).

- (a) For Short-Term Releases (one year or less) Subject to Bid:
 (All times are Central Clock Time)

9:00 a.m. Offers should be tendered such that they can be posted by 9:00 a.m. on a Business Day.

10:00 a.m. Open season ends on the same or subsequent Business Day.

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10:00 a.m. Evaluation period begins during which contingency is eliminated, determination of Best Bid is made, and ties are broken.

11:00 a.m. If no match is required, evaluation period ends and Award posted.

11:00 a.m. Match is communicated.

11:30 a.m. Match response.

12:00 Noon Where match required, Award posting.

Contract issued within one hour of posting (with a new contract number, when applicable); nomination possible beginning at the next available nomination cycle for the effective date of the contract (Central Clock Time).

(b) Pre-Arranged Offers Not Subject to Bid
(All times are Central Clock Time)

The Replacement Shipper's contract will be available for nomination concurrently upon the awarding of the release. The Replacement Shipper under the Pre-arranged Offer may submit a nomination at the earliest available nomination opportunity after the acquisition of capacity becomes effective in accordance with nomination deadlines of Section 28.1 of the General Terms and Conditions. Releasing Shipper's Offer may specify when the release will become effective.

The posting of prearranged deals that are not subject to bid are due no later than one hour prior to the nomination deadline for the applicable cycle, pursuant to NAESB WGQ Standard No. 1.3.2. The posting deadlines are:

- | | |
|--------------------|------------|
| • Timely Cycle | 12:00 Noon |
| • Evening Cycle | 5:00 p.m. |
| • Intraday 1 Cycle | 9:00 a.m. |
| • Intraday 2 Cycle | 1:30 p.m. |
| • Intraday 3 Cycle | 6:00 p.m. |

The contract is issued within one hour of the Award posting (with a new contract number, when applicable).

Nomination is possible beginning at the next available nomination cycle for the effective date of the contract.

(c) For Longer-Term Releases (more than one year) subject to bid:
(All times are Central Clock Time)

9:00 a.m. Offers should be tendered such that they can be posted by 9:00 a.m. on a Business Day.